

# Developing a Matrix-Structured Quality Financial System for a Public Health Laboratory

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## Context

Lateral processes like Finance provide information and shape decisions in order to coordinate activities through the ProvLab. Finance combines both business and management processes. These processes, when they exist in an organization, provide value to frontline customers and essential information to management to ensure that informed decisions occur. Financial processes and procedures are the major connections between areas and functions that deliver the end products and support the creation of innovative customer service.

With growing financial pressures on the Canadian health care system, Quality Financial Management (QFM) became increasingly important for ProvLab's multi-site laboratory operations to optimize resources, integrate management information, and align with customer requirements.

## Objective

Develop a comprehensive QFM system (QFMS) with a matrix structure to improve functional operations, program development, and executive management. Steps within each department included environmental scan (SWOT analysis), recognition of recent goals and changes, identification of future internal and external initiatives that support the organizational goals.

Although numerous processes existed within the ProvLab they were not critically aligned to provide a strict focus for the organization, innovative product development, innovative management, and critical external and internal customer feedback.

Our objective is to build a customer organization focused on building relationships, building knowledge both internally and externally, and developing a solution focused process to address financial issues.

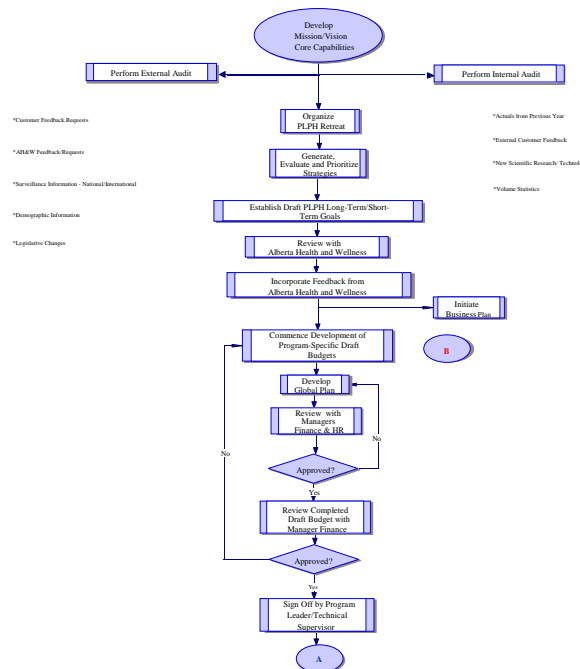
## Methods

The Executive team at the ProvLab defined the lateral financial and business processes that were critical to the organization. The Finance team collaborated with colleagues in designing the process and mapping out the negotiated "handoffs", time frames and expectations. For the budgeting process this includes program planning and implementation, priority setting within the ProvLab, resource justification and allocation, establishing variance analysis and problem escalation and resolution.

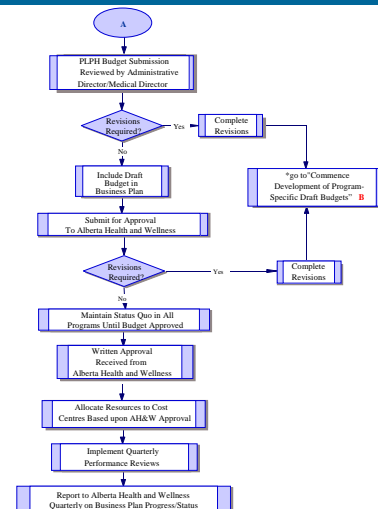
## Process

The implementation plan for a QFMS follows the strategy-structure-performance model. Participants include Executive, Administrative and Support Managers, Frontline Managers, Information Systems, and Finance. Our approach was to evaluate and modify the existing financial structure to support the goals of QFM. To this end, we developed simple functional cost centers that were manageable by frontline managers. Complex, multi-department program management created the need for critical analysis, rationalization, volume analysis, and standardized, detailed costing. By applying the volumes and costing for programs across the cost centers, an analysis of program costs became evident and calculation of overhead rates simplified. By creating a matrix financial structure, management and performance became easier for functional operations and possible for complex programs. Implemented variance and forecast analysis was completed by each frontline manager or program executive and consolidated for senior executive.

## External QFM Process



## Internal QFM Process



## Results

Four years ago, ProvLab had no financial system and no accountability process. The results of QFM include:

A sustainable and realistic system that supports functional, program and organizational accountability and QFM;

Detailed pricing, productivity analysis, strategic planning, and impact analysis for multi-departmental changes;

Increased productivity which reduced/contained organizational costs;

Variance and forecast analysis that allows functional areas, programs, and executive to anticipate financial directions and respond accordingly.

## Conclusions

❖ Implementation of QFM increased ProvLab's organizational financial management and accountability. It provided the necessary information to make decisions and guide the organization to success.